(ii) **TERMS OF REFERENCE OF THE COMMITTEE:**

(a) Review the existing procedures and documentation affecting international trade;

(b) Review the efforts made so far towards simplifying such procedures and their impact;

(c) Identify the basic purpose of trade documentation and procedures;

(d) Evolve a simplified, comprehensive and transparent system which would be easy to administer as well as comply with and which will result in elimination or reduction of procedural costs and delays in international trade;

(e) Make recommendations on allied matters that would enable optimal operationalisation and fuctioning of the proposed system.

(c) Yes Sir.

(d) The Committee has since submitted its report.

Loopholes in VABAL Scheme

733. SHRI CHIMANBHAI MEHTA:
SHRIMATI RENUKA CHOWDHURY:
SHRI MOHD. KHALEELUR RAHMAN:
SHRI G.G. SWELL:
SHRI SARADA MOHANTY:

Will the Minister of COMMERCE be pleased to state;

(a) whether it is a fact that several loopholes have surfaced in Value Based Advanced Licence Scheme (VABAL):

(b) if so, details thereof;

(c) the number of licences issued under VABAL since its introduction uptill now and the quantum of imports in terms of value;

(d) whether the scheme discouraged the use of locally available and duty paid inputs by denying MODVAT and insisted on input output linkage;

(e) whether it is a fact that several exporters have made bogus claim of exports, earned foreign exchange through Havala trade and have imported duty free items as inputs and sold them in domestic market at high premium;

(f) if so, the details thereof alongwith number and names of companies involved;

(g) what corrective measures taken or are being considered;

(h) whether Government have decided that all value based advance licences issued before September 14, 1993 under which no import or export has taken place be freezed; and

(i) if so, what about the import in pipeline?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE): (a) and (b) Yes, Sir. The flexibility permitting the import of one or all items of non-sensitive nature resulted into certain unintended imports under Value Based Advance Licensing Scheme. Suitable changes have been made in the Scheme by adding more items to the Sensitive List to restrict their imports as per notified quantity norms.

(c) Uptil November 93,13,957 Value Based Advance Licences for a total CIF value of Rs. 6681 crores have been issued.

(d) Facilities under the Value Based Advance Licensing Scheme outweigh the MODVAT benefit denied and such denial is necessary to check double benefit under the Scheme. Insistence on input output linkage is required in terms of the Customs Notification and EXIM

Policy in view of the underlined priniciples of the Scheme to allow duty free inputs which are required for manufacture of the product.

(e) to (g) There has been no gross misuse of the Scheme. However, Director General of Revenue Intelligence have investigated into the misuse of this Scheme and have reported that a few cases were investigated by them. A list of these cases has been given in answer to Rajya Sabha Unstarred Question No. 55 dated 22nd February, 94.

(h) and (i) No, Sir. Such Value Based Advance Licences can be operated after getting them endorsed for the import of items as per the Policy relating to current list of Sensitive Items.

Misuse of Import Licences Issued under Value Based Advanced Licensing Scheme

734. SHRIMATI KAMLA SINHA:
SHRI BAPU KALDATE:
SHRI N. GIRI PRASAD:
SHRI CHATURANAN MISHRA:

Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that the misuse of import licences issued during 1993 under the Value-based Advanced Licensing Scheme on a large scale has come to the notice of Government;

(b) if so, the details thereof; and

(c) the manner in which Government propose to act in the matter?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE): (a) and (b) complaints about misuse of Value-based Advance Licencesg under Duty Exemption Scheme for import of Plastic raw materials have been received. These complaints contain allegations regarding import of large quantity of Plastic raw materials dis-proportionate to the exports made and over invoicing of export product.

(c) The complaints are being looked into under the provisions of the Foreign Trade (Development and Regulation) Act, 1992. The following steps have been taken to minimise the misuse of Value Based Advance Licensing Scheme:

(i) The Government has placed 20 items under sensitive list vide Public Notice No. 163/(PN)/92—97 dated 14.9.93.

(ii) Anti-dumping duty has been imposed on import of plastic raw materials.

(iii) The operation of Value-Based Advance Licences issued prior to 14.9.93 in respect of items now in the Sensitive list against which neither imports nor exports have to place, has been suspended w.e.f. 25.1.94 until re-enhancement is got made restricting import as per the latest Sensitive list notificaiton by the Govt.

735. [*Transferred to 3rd March, 1994*]

Hotel chains allowed to invest abroad

736. SHRI RAJUBAI A. PARMAR: Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that some enterprising hotel chains in India have been allowed to invest in the setting up of hotels abroad, and if so, what are the details thereof including the investment allowed to each of such hotel chains and profit/loss made by them; and

(b) wheter Government have given or considering to give incentives to the Indian Hotel Industry to expand abroad, particularly inview of the present globalisation policy of Government?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE): (a) and (b) As per available information, details of major Indian hotel chains that have been allowed to invest in hotels abroad are in the statement annexed. [*See* Appendix 170, Annexure No. 14]

Guidelines for Indian investment